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From: Paul.Tucker  
Sent: Wednesday, October 22, 2008 12:17 PM  
To: bob.diamond; john.varley  
Subject: Re: Cld I talk to one or other of you about libor pl

In a meeting right now, sorry. Will call when out

----- Original Message -----

From: bob.diamond  
To: Tucker, Paul; john.varley  
Sent: Wed Oct 22 16:37:46 2008  
Subject: RE: Cld I talk to one or other of you about libor pl

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Calling right now.....

-----Original Message-----

From: Tucker, Paul  
Sent: Wednesday, October 22, 2008 10:56 AM  
To: 'john.varley'; Diamond, Bob  
Subject: Cld I talk to one or other of you about libor pl

-----  
Sorry to bother you but I think mark d is away. Its a slightly sensitive point

Thanks

Paul

## Money market funding

Tucker, Paul

Sent: 24 October 2008 15:25

To: mark.dearlove; jonathan.stone  
Cc: bob.diamond; Cross, Michael

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Mark, Jon

I'd be grateful if we could meet to discuss the structure and sources of your money market funding before the turmoil began, please. This is because I want to get a better handle on just how much ground we've got to recover, and where the changed circumstances of non-bank financial institutions and others is going to matter.

If we may, my office will be in touch to fix up a meeting over the next week. I mean a bilateral meeting.

Many thanks

Best

Paul

**RE: Struck that your govt gnteed bond was issued at around 140 over gilts**

bob.diamond

**Sent:** 27 October 2008 09:38

**To:** Tucker, Paul

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Are back today? Happy to come see you, or talk over the phone, whichever suits.

-----Original Message-----

**From:** Tucker, Paul

**Sent:** 26 October 2008 11:06

**To:** Diamond, Bob: Barclays Capital

**Subject:** Re: Struck that your govt gnteed bond was issued at around 140 over gilts

I'm abroad. So can't meet I'm afraid. But cld talk by phone in about an hour. Or is it better face to face?

----- Original Message -----

**From:** bob.diamond

**To:** Tucker, Paul

**Sent:** Sun Oct 26 10:58:23 2008

**Subject:** RE: Struck that your govt gnteed bond was Issued at around 140 over gilts

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You around for a chat today or in the morning? I am in London, maybe I can come to see you?

-----Original Message-----

**From:** Tucker, Paul

**Sent:** 25 October 2008 11:32

**To:** Diamond, Bob: Barclays Capital

**Subject:** Struck that your govt gnteed bond was issued at around 140 over gilts

That's a lot

Paul

bob.diamond

Sent: 30 October 2008 10:48

To: Tucker, Paul

Cc: Andrew Jones

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Paul, I asked Andrew Jones to give you some perspective, quite a positive development actually that you and the government should feel pretty good about. Of course, the client info is confidential, just for you.

Bob

>Key Points :

- >
- >Barclays issues EUR3bn 3year Fixed rate at L+25bps
- >Bank of Scotland issues EUR3bn 2yr Fixed rate at L+20bps
- >Bank of Scotland issues GBP800mm 3yr fixed at L+25bps
- >
- >Positive:
  - >The first UK Govt gteed bank issues have been successfully launched - Barclays Capital has been book runner on both EUR denominated benchmarks
  - >Most significantly new cash is buying these bonds, adding liquidity to the system - Asset Managers, Corporates, Banks and Private Banks are the main buyers
  - >We have seen limited Central Bank participation and consequently very little selling of govt bonds against these trades to generate the cash to settle the bonds.
  - >UK banks are buying these securities and using the issues to provide oneanother with liquidity.
  - >A normalised (positive sloping) curve is being constructed.
- >3yrs L+25bps
- >2yrs L+20bps
- >The gtee has allowed Barclays and HBOS to achieve much greater size than would have been achievable without the gtee.
- >Investor confidence is slowly (very slowly) returning. Access to wholesale funding is confirmed and although the near future will be dominated by govt gteed issues; these successful transactions are starting the rehabilitation of the senior, unsecured term funding market for financial institutions.
- >
- >The world has been watching the execution and the feedback is overwhelmingly positive - UK is lighting the way for others to follow.
- >
- >
- >
- >Challenges:
  - >Major Central Banks outside of Europe (Korea, Japan, China) are not participating yet because they are awaiting approvals and the transaction is included in Aggregate rather than Govt Indices.
  - >Issuers (HBOS) with significant outstanding senior unsecured debt and covered bonds have found lower levels of demand from some investors due to single name obligor limits (notwithstanding the UK gtee).
  - >Maintaining discipline in terms of size and spread.
- >
- >Transaction details :
  - >
  - >
  - >Issuer: Barclays Bank PLC
  - >Guarantee: From the Commissioners of Her Majesty's Treasury, as set out in the Deed of Guarantee on 13 Oct 2008 & available at [www.dmo.gov.uk](http://www.dmo.gov.uk)
  - >
  - >Ratings: Aaa/AAA/AAA (expected)
  - >Status: Senior, Unsecured, Unsubordinated, 0% risk weighted in UK
  - >Docs: Off Debt Issuance Programme, pursuant to info memorandum (20/10/08) London listing, Denoms €50k+1k, Reg S only
  - >
  - >Size: €3bn

>Pay Date: 27 Oct 2008  
 >Maturity: 27 Oct 2011  
 >Coupon: 4.25% annual, Act/Act ICMA  
 >Re-offer: 3-yr mid swaps + 25 bps OBL 149 + 119.9 bps  
 >Re-offer px: 99.967  
 >ISIN: XS0395325144

>The first of undoubtedly many such trades. After a week of discussions between sales, trading, syndicate, and ibd and feedback from potential investors, we launched a 3 year € transaction.  
 >The transaction was announced on Tuesday afternoon, and by the end of the day we had IOI of €2bn. On Wednesday morning the orderbook was officially opened and price guidance was released at ms+25bps area. The orderbook grew quickly and reached over €4.0bn within less than two hours of bookbuilding, allowing the issuer to price a €3.0bn trade in line with guidance at ms+25bps.  
 >The book was well diversified and of high quality with 167 investors participating. The bulk of the paper went to asset managers, with 47.8%, followed by banks with 27.3%. UK, Swiss and French accounts took the majority of the bonds, with 27.7%, 15.2% and 13.5% respectively. Biggest orders were [

>Issuer: Bank of Scotland Plc >  
 >Guarantor: The Commissioners of Her Majesty's Treasury  
 >Guarantee Unconditionally and Irrevocably as set out in Deed of Guarantee  
 > of 13 Oct 2008 as amended & available at [www.dmo.gov.uk](http://www.dmo.gov.uk)  
 >Ratings: Aaa/AAA/AAA (expected)  
 >Status: Senior, Unsecured, Unsubordinated, 0% risk weighted in UK  
 >Docs: EMTN programme, pursuant to Info memorandum (15/10/08)  
 > London listing, Denoms €50k+1k, Reg S only  
 >Start/Final: November 5th  
 >Size: €3bn  
 >Coupon: 3.875%, annual, Act/Act ICMA  
 >Pay Date: 5 Nov 2008  
 >Maturity: 5 Nov 2010  
 >Re-offer: 2yr mid swaps + 20 bps BKO 4% 2010 +136.3 bps  
 ms @ 3.71% BKO 4% 2011 @ 102.59

>A tough but successful trade, which was announced yesterday - without official guidance. It was whispered at MS+20, and official guidance of MS+20 area was announced this morning - despite having overnight interest of €2bn, the banks remained cautious.

>We finished with an orderbook of almost €4.6bn and 120 orders. [

Geographically, the UK came in for 25%, France 20%, Switzerland 10%, and the rest was quite evenly split around Europe with a little interest from Asia. Banks came in for 40% and Asset Managers came in for 25%. There was some interest from Central Banks - about 3%.